

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

KEYSPANENERGY DELIVEY NEW ENGLAND
RESPONSE TO
ATTORNEY GENERAL'S SECOND SET OF INFORMATION REQUESTS

D.T.E. 06-54

Respondent: Nancy G. Culliford

Date: September 15, 2006

Information Request AG-2-16

- Q. Explain how the Company developed and chose the price structure in the Precedent Agreement embodied in Exhibits KED 1 through 3, and provide copies of all documentation supporting the development of the proposed rates.**
- A. The price structure in the Precedent Agreement (“PA”) is encompassed in Exhibits KED-1, KED-2 and KED-3. From a practical perspective, the Company did not have the opportunity to develop or choose this pricing structure because the structure is a function of (1) Algonquin’s existing rate structures for transportation on the G Lateral; and (2) Algonquin’s cost to provide service to meet its customer requirements under the contractual arrangement (with KeySpan being the customer). In this case, Algonquin is providing service to the Company under two rate schedules, AFT-1 and AFT-CL, where the AFT-1 is a tariff rate and the AFT-CL is a negotiated rate. As the customer, KeySpan is not privy to the calculations that Algonquin performed to arrive at an acceptable negotiated rate for service from their point of view.